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## **CALIFORNIA FOCUS: CALIFORNIANS FEEL TAX FREEDOM LATER**

*Typical state taxpayer spent the first 127 days of 2007 working for government*

By MICHELLE STEEL

Monday was California's Tax Freedom Day, the point in the year when taxpayers are symbolically freed from our federal, state, and local tax burdens and can start spending our wages as we wish.

The term Tax Freedom Day was coined in 1948 by Florida businessman Dallas Hostetler to show how many days a typical American must work just to satisfy the tax man. Californians have just spent the first 127 days of 2007 working exclusively to pay various levels of government.

If that calculation wasn't sobering enough, realize that California's Tax Freedom Day is one week later than the national average and two weeks later than it was just three years ago. And legislative proposals in Sacramento could be postponing Tax Freedom Day to its latest date in California history.

Because different states and municipalities have different tax rates, Tax Freedom Day varies from state to state. California, with our high sales and income taxes, has the seventh-highest tax burden in the country, nearly 25 percent higher than Oklahoma, the least-taxed state. For the fifth consecutive year, California has ranked in the top 10 worst states for taxpayers.

California shares boundaries with two taxpayer-friendly neighbors. Oregon and Arizona both observed Tax Freedom Day 2007 on April 24, almost two weeks earlier than in California. This disparity in tax burdens stifles economic growth and encourages businesses to flee California for our more taxpayer-friendly neighbors. Not surprisingly, in 2005 more taxpayers left the state than entered. Further adding to our state's chronic financial woes, California's replacement taxpayers have incomes that are typically 9 percent lower than the taxpayers who have departed.

Even as California's Tax Freedom Day has been moving farther back in the calendar, the liberal Democratic majority in the Legislature is trying to further increase California's tax burden. In particular, two bills currently before the Legislature seek to undercut Proposition 13's stringent property-tax protections.

Assembly Bill 831, which recently passed the Assembly Revenue and Taxation Committee, would require the Department of Finance to review all current tax breaks for their "revenue loss" to the state, essentially creating a to-do list for future tax increases. According to the bill's proponents, "Tax incentives are a huge, hidden expense to the state of California."

This legislation effectively summarizes the Democratic-controlled Legislature's backward economic philosophy: Tax cuts are an expense while new government programs are an asset. But, the bill's worst provision is its requirement that all tax cuts have a sunset date. Discounting the measure's potentially unconstitutional provisions of binding the options of future Legislatures, it jeopardizes our state's long-term economic health by juxtaposing temporary tax cuts against permanent government programs.

Rivalling AB831 for the worst tax legislation of the year is Assembly Constitutional Amendment 8, which will gut Prop. 13. ACA8 would lower the voter-approval threshold for special taxes and bonds from two-thirds to 55 percent. The Howard Jarvis Taxpayers Association calls ACA8 "a direct attack on Prop. 13," and is making the bill's defeat its top legislative priority.

Ironically, it was California's landmark Prop. 13 in 1978 that began the last nationwide movement to lower taxes. According to the Tax Foundation, the last time the nation's tax burden dropped below 30 percent of individual income was in the early 1980's, as a result of Prop. 13's legacy, a national movement to reduce local and state taxes. It is disappointing to see California's distinguished pro-taxpayer legacy potentially tarnished by these devastatingly anti-taxpayer bills.

Although the average California taxpayer as of Monday could feel free from the tax man's grip for another year, the current anti-taxpayer climate in Sacramento should inspire vigilance rather than elation. In that way tax-raising legislation can be defeated, and how aggressively we fight increasing obligations to government will determine just when Tax Freedom Day falls on the calendar in future years.

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